Re: Small Business Contracting and Technology Hearing--September 26, 2007.

Washington, DC

* Good morning ladies and gentlemen. I am John Hutchinson and I am honored to be here this morning from East Tennessee to talk with you.

* Our companies engineer, construct, and automate coal preparation facilities in the eastern and central U.S. bituminous coal fields. We also manufacture and rebuild solid/liquid separation centrifuges, widely used in fine coal preparation throughout the world.

* With huge fleets of trucks, large mobile cranes, hundreds of units dependent on petroleum fuels, and an annual fuel budget of over one million dollars, we are certainly concerned about energy prices and its stable availability. But I am not here today to talk about our individual problems.

* I am here today to speak with you regarding one of America's greatest and most abundant sources of energy for yesterday, today, and the future ..that being coal.

* U.S. energy sources today consist of:

Oil	39%
Natural gas	24%
Coal	23% (roughly 1 billion tons per year)
Nuclear	8%
Hydropower	3%
Other	3%

* These same percentages are also very similar on a worldwide basis.

* Coal is indispensable for the production of electricity and steel. Other key uses include cement, paper, limestone industries and industrial heating.

* Technology is now in place for coal gasification, a process whereby coal is converted into a syngas and is itself a fuel. In this process coal is reacted with oxygen at high temperatures with the advantage that more of the energy in the fuel is extracted. It may then be burned in internal combustion engines, used to produce methane gas, or converted into a synthetic fuel. Today I would encourage all possible tax incentives to promote increased research and development in this area.

* U.S. coal reserves stand at 275 billion tons, an amount that is greater than any other nation in the world. This includes reserves at active mines and estimated recoverable coal reserves. Our federal government is by far the largest owner of the nation's coal beds, particularly in the west. To emphasize, these reserves are available right here at home in 38 US states, not dependent on importation!

* These reserves are capable of meeting domestic demand for more than 285 years at current rates of consumption.

* In addition to this nearly 300 year supply, there are additional demonstrated reserves of 250 billion tons, available for future mining.

* Coal reserves at existing mines by selected states include:

Alabama	355 million tons
Illinois	747 million tons
Indiana	382 million tons
Kentucky	1,169 million tons
Montana	1,234 million tons
Ohio	371 million tons
Pennsylvania	616 million tons
Tennessee	19 million tons
Virginia	294 million tons
West Virginia	1,741 million tons
Wyoming	7,975 million tons

* In the U.S., coal fired power plants account for over 56% of the electricity generated.

* In recent years 90% of U.S. coal is consumed for the generation of electricity. That equates to roughly a billion tons per year.

* Nine percent of U.S. coal is exported to forty foreign countries.

* In the Southeastern US , the Tennessee Valley Authority operates 11 coal fired power plants, producing 60% of TVA's power, selling over 33,000 megawatts of electricity to 158 locally owned distributors in seven states and serving 9 million customers.

* During World War II, our Appalachian coal mines, specifically mines in southern West Virginia, provided abundant metallurgical coal supplies for the production of steel used to make guns, plane, tanks, etc. required for the war effort and significant to the outcome of that conflict.

* World coal reserves include:

United States	275 billion tons
Russia	173 billion tons
China	126 billion tons
India	93 billion tons
Australia	90 billion tons

* Coal is also widely used throughout the world for the production of chemicals and fertilizers.

* Types of coal mining include:
  Underground mining, predominant in the eastern US.
  Surface mining, predominant in some Appalachian areas but more so in the West.

* Coal mining productivity

1973	2.16 tons per man-hour	152,204 employed	599 million tons
1983	2.50 tons per man-hour	175,642 employed	782 million tons
1993	4.70 tons per man-hour	101,322 employed	945 million tons
2003	6.95 tons per man-hour	71,023 employed	1,072 million tons

* Coal use has grown in recent years because of secure, abundant domestic reserves and relatively low prices. Demand has been maintained through increasing mine productivity, larger mines, technology for more efficient systems, and fewer mine personnel.

* Also, great advances in clean coal technology have been accomplished since 1985 with contributions from the federal government of 2 billion dollars, and 4 billion dollars from the coal industry.

* Giant strides have also been accomplished in the area of miner safety. Currently development is underway for underground safe houses and GPS location devices. Tax incentives for development of these systems would certainly aid this effort.

* Nationwide there are approximately 90,000 coal mining jobs currently. These mining jobs support another approximately 250,000 additional jobs.

* The coal mining industry as a whole provides many jobs directly or indirectly to East Tennessee, Southwest Virginia and Eastern Kentucky. These jobs are in the form of, not only coal mine jobs, but also construction, manufacturing, engineering, sales, marketing, and consulting. The Powell Companies alone, with whom I am associated, headquartered in Johnson City provides over 500 jobs regionally to the coal industry.

* History indicates that each significant action of government was accomplished with an immediate and negative effect on coal production. However, the reverse is also true. That is, positive governmental encouragement will likely result in the capital investment necessary to sustain future production at or above current levels. That is what we all should strive for.

* In closing, it is essential that every elected official, businessmen and women, state and local officials, and all of you present here today do all we can to sustain U.S. coal production.

* Thank you all for this opportunity to speak to you today regarding our coal industry. No matter what the future holds for America's energy needs, coal must be there along with oil, water, wind, natural gas, nuclear, and biofuels.

* I will take questions or comments that you may have.

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A graduate of West Virginia University in Morgantown, WV, I grew up and spent the first 50 years of my life in the heart of the northern West Virginia coal fields. My great grandfather was a coal operator during the first 30 years of the 20th century and my father was a mechanical and structural engineer, spending his career designing coal preparation plants.

I have over 38 years of experience in the coal industry working with construction of underground slopes and ventilation shafts, and above ground with the construction of coal preparation plants and material handling and conveying systems.

Presently I am Vice President-Finance for Powell Companies in Johnson City, TN. Our companies engineer, construct, and automate coal preparation facilities in the eastern and central US bituminous coal fields, as well as manufacture and rebuild solid/liquid separation centrifuges, widely used in fine coal preparation throughout the world. My primary duties include finance and accounting, taxes, cash flow, auditing, and management. I also serve on the Board of Directors for the Johnson City, Jonesborough, Washington County . Chamber of Commerce

My wife and I reside in Johnson City and we have two children and four grandchildren, all living in East Tennessee.